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Comments:

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Proposal: Regulation II - Debit Card Interchange Fees and Routing
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To whom it may concern: We started Red Cart Market, Inc back in 1965. We were a supermarket for 22 years (1965 to 1987). We only accepted checks and cash at that time. We closed our supermarket in 1987 because we lost our lease and waited for a location in Petaluma to open a large discount supermarket. There was a verbal and written commitment for the site. However, the store was never built because of friction within the owner's family. In 1990, we started a pet discount supermarket (Pet Club) in Corte Madera, CA. Two years later a second location was opened in San Mateo, CA. As of 2011, we have 10 locations. We have never accepted credit cards at our stores because the charge was 1.75%-2% of sales. After much study, we found that debit cards were much cheaper than credit cards and were close to or slightly higher than check fees charged by banks. For 18 years, we were charged supermarket rates for debit cards until the summer of 2009. Our rates went from \$.35 per transaction to \$.59 per transaction (almost 70% higher). We did not realize this until May 2010 because we were upgrading our software for accounting and point of sale transactions. The IT manager forgot to inform me due to the transition. We found out after our 6 month audit of the financials. I was really upset because we only accept debit cards, so we can sell our goods at discounted prices for our customers. I was thinking of going back to checks only because the cost is only \$.10 per transaction plus check losses of .035% of sales. I read in early 2011 that the Federal Reserve was thinking of charging \$.12 per debit transaction. This is the exact reason we went to debit cards, an electronic version of checks. With lower transaction costs, we can continue to sell at discounted prices to our customers. Thank you for your time
Thomas Lee